
State: Illinois **Filing Company:** PACO Assurance Company, Inc.
TOI/Sub-TOI: 11.0 Medical Malpractice - Claims Made/Occurrence/11.0003 Chiropractic
Product Name: OUM Chiropractor Program
Project Name/Number: Schedule Rating Plan/IL-2118-C

Filing at a Glance

Company: PACO Assurance Company, Inc.
Product Name: OUM Chiropractor Program
State: Illinois
TOI: 11.0 Medical Malpractice - Claims Made/Occurrence
Sub-TOI: 11.0003 Chiropractic
Filing Type: Rule
Date Submitted: 07/11/2013
SERFF Tr Num: PCAG-129105414
SERFF Status: Closed-Filed
State Tr Num: PCAG-129105414
State Status:
Co Tr Num: IL-2118-C

Effective Date: 08/01/2013
Requested (New):
Effective Date: 08/01/2013
Requested (Renewal):
Author(s): Latasha Campbell
Reviewer(s): Gayle Neuman (primary), Neetha Mamoottile, Julie Rachford
Disposition Date: 08/20/2013
Disposition Status: Filed
Effective Date (New): 09/01/2013
Effective Date (Renewal): 09/01/2013

State Filing Description:
routed 7/19/13

State: Illinois **Filing Company:** PACO Assurance Company, Inc.
TOI/Sub-TOI: 11.0 Medical Malpractice - Claims Made/Occurrence/11.0003 Chiropractic
Product Name: OUM Chiropractor Program
Project Name/Number: Schedule Rating Plan/IL-2118-C

General Information

Project Name: Schedule Rating Plan	Status of Filing in Domicile: Pending
Project Number: IL-2118-C	Domicile Status Comments:
Reference Organization:	Reference Number:
Reference Title:	Advisory Org. Circular:
Filing Status Changed: 08/20/2013	
State Status Changed:	Deemer Date:
Created By: Latasha Campbell	Submitted By: Latasha Campbell
Corresponding Filing Tracking Number:	

Filing Description:

We wish to file a revised Illinois Rating Manual Supplement Ed. 8-13.

Company and Contact

Filing Contact Information

Latasha Campbell, Regulatory Compliance lcampbell@picagroup.com

Analyst

3000 Meridian Boulevard

615-371-8776 [Phone] 2201 [Ext]

Suite 400

615-324-9161 [FAX]

Franklin, TN 37067

Filing Company Information

PACO Assurance Company, Inc.

CoCode: 10222

State of Domicile: Illinois

3000 Meridian Boulevard

Group Code: 2698

Company Type:

Suite 400

Group Name:

State ID Number:

Franklin, TN 37067

FEIN Number: 36-3998471

(800) 251-5727 ext. [Phone]

Filing Fees

Fee Required? No

Retaliatory? No

Fee Explanation:

State Specific

State:	Illinois	Filing Company:	PACO Assurance Company, Inc.
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Refer to our checklists prior to submitting filing (http://www.idfpr.com/DOI/Prop_Cas_IS3_Checklists/IS3_Checklists.htm): Yes
Refer to our updated (04/06/2007) SERFF General Instructions prior to submitting filing. They have been updated to clarify what rates and rules are required to be filed as well as what rates and rules are not required to be filed. Also, the "Product Name" is the Filing Title and not the Project Number.: Yes

NO RATES and/or RULES ARE REQUIRED TO BE FILED FOR LINES OF COVERAGE SUCH AS COMMERCIAL AUTO (except taxicabs), BURGLARY AND THEFT, GLASS, FIDELITY, SURETY, COMMERCIAL GENERAL LIABILITY, CROP HAIL, COMMERCIAL PROPERTY, DIRECTORS AND OFFICERS, ERRORS AND OMISSIONS, COMMERCIAL MULTI PERIL just to mention a few. However, a Summary Sheet (RF-3) is required to be filed. Please refer to the State Specific Field below for what rates/rules are required to be filed and to our checklists for specific statutes, regulations, etc. :

http://insurance.illinois.gov/Prop_Cas_IS3_Checklists/IS3_Checklists.asp .: Yes

Medical Malpractice rates/rules may now be submitted using SERFF effective January 1, 2012.: Yes

The only rates and/or rules that are required to be filed are Homeowners, Mobile Homeowners, Dwelling Fire and Allied Lines, Workers' Compensation, Liquor Liability, Private Passenger Automobiles, Taxicabs, Motorcycles and Group Inland Marine Insurance which only applies to insurance involving personal property owned by, being purchased by or pledged as collateral by individuals, and not used in any business, trade or profession per Regulation Part 2302 which says in part, "each company shall file with the Director of Insurance each rate, rule and minimum premium before it is used in the State of Illinois.": N/A

When selecting a form filing type for a multiple form filing, use the dominant type from these choices: APP - application; CER - certificate; COF - coverage form; DPS - declaration page; END - endorsement; POJ - policy jacket; ORG - Companies adopting an Advisory or Rating Organization's filing. Example: If you are submitting a policy as well as endorsements, a declaration page and an application, you would select "POL" for policy.: N/A

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Project Name/Number:	Schedule Rating Plan/IL-2118-C		

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Gayle Neuman	08/20/2013	08/20/2013

Objection Letters and Response Letters

Objection Letters

Status	Created By	Created On	Date Submitted
Pending Industry Response	Julie Rachford	08/06/2013	08/06/2013
Pending Industry Response	Gayle Neuman	07/18/2013	07/18/2013

Response Letters

Responded By	Created On	Date Submitted
Latasha Campbell	08/15/2013	08/15/2013
Latasha Campbell	07/18/2013	07/18/2013

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Effective Date	Note To Reviewer	Latasha Campbell	08/20/2013	08/20/2013
effective date	Note To Filer	Gayle Neuman	08/19/2013	08/19/2013

State:	Illinois	Filing Company:	PACO Assurance Company, Inc.
TOI/Sub-TOI:	11.0 Medical Malpractice - Claims Made/Occurrence/11.0003 Chiropractic		
Product Name:	OUM Chiropractor Program		
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Disposition

Disposition Date: 08/20/2013
Effective Date (New): 09/01/2013
Effective Date (Renewal): 09/01/2013
Status: Filed

Comment:

Rate data does NOT apply to filing.

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Explanatory Memorandum		Yes
Supporting Document	Form RF3 - (Summary Sheet)		Yes
Supporting Document	Certification		Yes
Supporting Document	Request to Maintain Data as Trade Secret Information		Yes
Supporting Document (revised)	Manual		Yes
Supporting Document	Manual		Yes
Supporting Document	Redline of changes to address the 8-6-13 Objection Letter		Yes
Rate	Illinois Rating Manual Supplement Ed. 8-13		Yes
Rate	Illinois Rating Manual Supplement Ed. 8-13		Yes

State: Illinois **Filing Company:** PACO Assurance Company, Inc.
TOI/Sub-TOI: 11.0 Medical Malpractice - Claims Made/Occurrence/11.0003 Chiropractic
Product Name: OUM Chiropractor Program
Project Name/Number: Schedule Rating Plan/IL-2118-C

Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	08/06/2013
Submitted Date	08/06/2013
Respond By Date	08/14/2013

Dear Latasha Campbell,

Introduction:

This is to acknowledge receipt of your filing. Your submission is not acceptable for filing in Illinois due to the following reasons:

Objection 1

Comments: Debits/credits applied by an underwriter are allowed in a companys Scheduled Rating Plan and as such, schedule rating is limited to +/- 25%, per CB 2011-05. As for Item C, without identifying objective criteria to determine the percentage applied to each insured, this credit should be included in schedule rating and thus limited by CB 2011-05. To be in compliance with CB 2011-05, either move this rating characteristic into the Companys schedule rating plan or outline objective criteria to determine the specific percentage that applies to each insured.

Conclusion:

Sign up to get e-mail notification for updates to the Department's website. <http://insurance.illinois.gov/RSS/>

Please refer to the appropriate Property Casualty IS3 Review Requirements Checklist before submitting any filing. The checklists are available at the Department's Web site or at the following link:

http://insurance.illinois.gov/Prop_Cas_IS3_Checklists/IS3_Checklists.asp

Please submit compliant form(s) no later than the date shown above or the entire filing may be disapproved. Please be advised that when the Director disapproves the form(s) you must immediately cease using the form(s) in Illinois.

Please give this matter your immediate attention. If you have any question regarding this filing please feel free to contact me.

Sincerely,

Julie Rachford

State: Illinois **Filing Company:** PACO Assurance Company, Inc.
TOI/Sub-TOI: 11.0 Medical Malpractice - Claims Made/Occurrence/11.0003 Chiropractic
Product Name: OUM Chiropractor Program
Project Name/Number: Schedule Rating Plan/IL-2118-C

Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	07/18/2013
Submitted Date	07/18/2013
Respond By Date	07/30/2013

Dear Latasha Campbell,

Introduction:

This is to acknowledge receipt of your filing. Your submission is not acceptable for filing in Illinois due to the following reasons:

Please indicate if your company has a plan for the gathering of statistics or the reporting of statistics to statistical agencies? If yes, what stat agency is being used?

You are required to show the changes made to the 5 page supplement in this filing. Please overstrike any text that is deleted and underline or highlight any text being changed or added.

Conclusion:

Sign up to get e-mail notification for updates to the Department's website. <http://insurance.illinois.gov/RSS/>

Please refer to the appropriate Property Casualty IS3 Review Requirements Checklist before submitting any filing. The checklists are available at the Department's Web site or at the following link:

http://insurance.illinois.gov/Prop_Cas_IS3_Checklists/IS3_Checklists.asp

Please submit compliant form(s) no later than the date shown above or the entire filing may be disapproved. Please be advised that when the Director disapproves the form(s) you must immediately cease using the form(s) in Illinois.

Please give this matter your immediate attention. If you have any question regarding this filing please feel free to contact me.

Sincerely,

Gayle Neuman

State:	Illinois	Filing Company:	PACO Assurance Company, Inc.
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Project Name/Number:	Schedule Rating Plan/IL-2118-C		

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	08/15/2013
Submitted Date	08/15/2013

Dear Gayle Neuman,

Introduction:

Thank you for the review of our filing.

Response 1

Comments:

We have included our claims-free discount within our schedule rating plan under Item B and removed it from Item C.

Under Item C, we have also revised our State Chiropractic Association Discount rule to state the objective criteria that will be used in the application of this rule.

Related Objection 1

Comments: Debits/credits applied by an underwriter are allowed in a companys Scheduled Rating Plan and as such, schedule rating is limited to +/- 25%, per CB 2011-05. As for Item C, without identifying objective criteria to determine the percentage applied to each insured, this credit should be included in schedule rating and thus limited by CB 2011-05. To be in compliance with CB 2011-05, either move this rating characteristic into the Companys schedule rating plan or outline objective criteria to determine the specific percentage that applies to each insured.

Changed Items:

Supporting Document Schedule Item Changes	
Satisfied - Item:	Redline of changes to address the 8-6-13 Objection Letter
Comments:	The rules also were reorder to following the numbering of how they appear in our OUM Rating Manual Ed. 1-01-08.
Attachment(s):	Redline of Changes to Address 8-6-13 Objection Letter.pdf

No Form Schedule items changed.

State:	Illinois	Filing Company:	PACO Assurance Company, Inc.
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Project Name/Number:	Schedule Rating Plan/IL-2118-C		

Rate Schedule Item Changes					
Item No.	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Date Submitted
1	Illinois Rating Manual Supplement Ed. 8-13		Replacement		08/15/2013 By: Latasha Campbell

Conclusion:

Sincerely,
Latasha Campbell

State:	Illinois	Filing Company:	PACO Assurance Company, Inc.
TOI/Sub-TOI:	11.0 Medical Malpractice - Claims Made/Occurrence/11.0003 Chiropractic		
Product Name:	OUM Chiropractor Program		
Project Name/Number:	Schedule Rating Plan/IL-2118-C		

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	07/18/2013
Submitted Date	07/18/2013

Dear Gayle Neuman,

Introduction:

Thank you for the review of this filing.

Response 1

Comments:

We use ISO as our statistical agent.

We have also attached a redline version of the changes for your review.

Changed Items:

Supporting Document Schedule Item Changes	
Satisfied - Item:	Manual
Comments:	Our OUM Chiropractic Rating Manual Ed. 1-01-08 is being attached for your reference. It was approved on August 5, 2008, under our filing # IL-874-C. No changes are being made to it at this time. It is being attached for "Informational Purposes" to help with the review of this filing.
Attachment(s):	OUM Chiropractor Rating Manual (PACO) Ed. 1-01-08 (Revised 8-15-07).pdf Redline - IL Chiro Manual Supp. 7-08 to 8-13.pdf
<i>Previous Version</i>	
Satisfied - Item:	Manual
Comments:	<i>Our OUM Chiropractic Rating Manual Ed. 1-01-08 is being attached for your reference. It was approved on August 5, 2008, under our filing # IL-874-C. No changes are being made to it at this time. It is being attached for "Informational Purposes" to help with the review of this filing.</i>
Attachment(s):	<i>OUM Chiropractor Rating Manual (PACO) Ed. 1-01-08 (Revised 8-15-07).pdf</i>

State:	Illinois	Filing Company:	PACO Assurance Company, Inc.
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No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

We appreciate the department's continue review of our filing.

Sincerely,

Latasha Campbell

State: Illinois **Filing Company:** PACO Assurance Company, Inc.
TOI/Sub-TOI: 11.0 Medical Malpractice - Claims Made/Occurrence/11.0003 Chiropractic
Product Name: OUM Chiropractor Program
Project Name/Number: Schedule Rating Plan/IL-2118-C

Note To Reviewer

Created By:

Latasha Campbell on 08/20/2013 08:18 AM

Last Edited By:

Gayle Neuman

Submitted On:

08/20/2013 09:14 AM

Subject:

Effective Date

Comments:

Ms. Neuman,

We would like to change to the effective date to September 1, 2013.

Thank you,

Latasha Campbell

State:	Illinois	Filing Company:	PACO Assurance Company, Inc.
TOI/Sub-TOI:	11.0 Medical Malpractice - Claims Made/Occurrence/11.0003 Chiropractic		
Product Name:	OUM Chiropractor Program		
Project Name/Number:	Schedule Rating Plan/IL-2118-C		

Note To Filer

Created By:

Gayle Neuman on 08/19/2013 11:11 AM

Last Edited By:

Gayle Neuman

Submitted On:

08/20/2013 09:14 AM

Subject:

effective date

Comments:

The Department of Insurance has now completed its review of this filing. Originally, you requested the filing be effective August 1, 2013. Was the filing put in effect on August 1, 2013 or do you wish to have a different effective date? Your prompt response is appreciated.

State:	Illinois	Filing Company:	PACO Assurance Company, Inc.
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Project Name/Number:	Schedule Rating Plan/IL-2118-C		

Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1		Illinois Rating Manual Supplement Ed. 8-13		Replacement		Rating Manual Supplement - IL (PACO Chiro) Ed 8-13.pdf
2		Illinois Rating Manual Supplement Ed. 8-13		Replacement		Rating Manual Supplement - IL (PACO Chiro) Ed 8-13.pdf

OUM CHIROPRACTOR PROGRAM

SUPPLEMENT TO CHIROPRACTIC PHYSICIAN MALPRACTICE LIABILITY RATING MANUAL

STATE OF ILLINOIS

A. Rule A. 2. under **SECTION I.** is replaced with the following:

2. Partnership, Corporation or Professional Association: All owners in the entity must be insured with PACO and maintain the same Limits of Liability. There is no additional premium and the Limit of Liability is shared with the named insured. A separate limit of liability may be purchased for the corporation for an additional cost of 5% of total premium. The maximum charge would be 100% of the mature corresponding limit of liability and the minimum would be 5% of the professional liability premium being charged.

B. Rule D. 9. under **SECTION 1** is replaced by the following:

9. Schedule Rating: As the company becomes aware of variability in risk characteristics presented by an insured or group who, in the opinion of the company, uniquely qualifies for premium modifications because of factors not contemplated in the filed rate structure of the company, the following schedule of modifications shall be used to determine the appropriate premium.

The premium for a risk may be modified in accordance with the following, subject to a maximum modification of -25% / +25%, to recognize risk characteristics that are not reflected in the otherwise applicable premium. All modifications applied under this Schedule Rating Plan are subject to periodic review.

All premium modifications applied under the Schedule Rating Plan will be documented in the individual insured's file.

The scheduled credits and debits will be uniformly and consistently applied to similar classes or risks.

The modification shall be based on one or more of the following considerations:

Participation in risk management program (Credit 0-15%)

Additional activities undertaken with the specific intention of reducing the frequency and severity of claims.

Unusual risk characteristics (Credit or Debit 0- 25%)

Characteristics of a particular insured that differentiate the insured to be greater/less than from other members of the same class.

Record keeping (Credit or Debit 0-10%)

Degree to which the insured incorporates methods to maintain quality patient records, referrals, and test results.

Professional loss history/trends (Debit 0-25%)

The frequency or severity of claims for the insured is greater than the expected experience for an insured of the same classifications/size or recognition of unusual circumstances of claims in the loss experience.

Group practice (Credit 0-10%)

A group's size, processes, and/or roster of insureds are such that the company will incur lesser costs in association with its service to, or coverage of, the group.

C. The following Discounts are added to **SECTION I. D. Premium Discounts:**

10. **Claim* Free Discount:** Chiropractors may qualify for a 3% to 5% discount in premium based on a claim-free status for a minimum period of three years.

* A claim is a demand for money or services

11. **State Chiropractic Association Discount:** The premium may be decreased by 10% to reflect membership in the Illinois Chiropractic Society (ICS).

D. Rule G. 3. under SECTION I. is replaced with the following:

3. A policy canceled for non-payment of premium will not be reinstated unless the total amount of outstanding premium is received. If payment is received after the effective date of cancellation, the policy may be reinstated with a satisfactory underwriting review, and will be charged a \$50 reinstatement fee.
- a. Cancellation for non-payment will not be effective for 10 working days. Postal holidays and weekends will extend the number of days.
- b. Cancellation notice will be sent by certified mail return receipt requested.

E. The following Rule is added as **Rule H. under **SECTION I:****

H. PREMIUM PAYMENT PLAN OPTIONS

OPTION A: QUARTERLY INSTALLMENT

1. A quarterly installment option is available upon issuance of a new policy or upon renewal of an existing policy. The quarterly installment option will include an installment charge of \$25.00 per installment or 1% of the total annual premium whichever is less. Available option shall be a quarterly (four-pay) option with equal installments of 25% each.

The first installment is due (as a down payment) when the policy is issued or renewed. The remaining installments are due 3, 6, and 9 months from policy inception.

2. Collection: Past due accounts will be sent for collection after three attempts have been made to clear the account.

Arrangements may be made to allow the Insured time to pay the outstanding balance.

3. Additional premium from a policy change shall be spread over the remaining installments, if any. If there are no remaining installments, additional premium resulting from change shall be billed immediately as a separate transaction.
4. Insureds shall have the option of paying the premium in full at any time without incurring additional fees.
5. In the event that an Insured makes his/her payment after the due date, he/she will be charged a flat late fee of \$10.00.
6. The Company shall not apply interest charge.

OPTION B: FIVE PAYMENT PLAN

1. A five payment premium plan option is available upon issuance of a new policy or upon renewal of an existing policy. The five payment premium plan option will include an additional 9.5% annual percentage rate finance charge. This finance charge will apply to all policyholders.
 - a. Collection: Past due accounts will be sent for collection after three attempts have been made to clear the account. Arrangements may be made to allow the practitioner time to pay the outstanding balance.
 - b. In the event that an insured makes his/her payment after the due date, he/she will be charged a flat late fee of \$10.00.

OPTION C: TWO PAYMENT PLAN

1. A two payment premium plan option is available upon issuance of a new policy or upon renewal of an existing policy. The two payment premium plan option will not include a finance charge or installment fee.

OPTION D: ANNUAL PAYMENT PLAN

1. An annual payment premium plan option is available upon issuance of a new policy or upon renewal of an existing policy. The annual payment premium plan option will not include a finance charge or installment fee.

F. Rule B.2. under **SECTION II** is replaced with the following:

2. Separate Limit of Liability is optional for an additional 5% of the total premium charged as a result of the net premium of each insured member of the corporation or partnership. The Company must insure all members of the corporation. The maximum charge will be 100% of the mature premium for the corresponding limit of liability and the minimum would be 5% of the professional liability premium being charged.

G. SECTION IV. EXTENDED REPORTING PERIOD COVERAGE (OPTIONAL EXTENSION COVERAGE) is hereby deleted in its entirety and replaced with the following:

- A. The premium for the Optional Extension Coverage shall be the product of the applicable percentage factor in the following Table and the expiring annual premium of the policy:

<u>Consecutive Years of Prior Claims-Made Coverage</u>	<u>Percentage Factor Applicable</u>
One	100%
Two	155%
Three	175%
Four or More	180%

The number of consecutive years of prior claims-made coverage shall be determined as of the date the Optional Extension Coverage is purchased.

- B. The availability of Extended Reporting Period coverage shall be governed by the following rules, subject to underwriting approval.
 1. Available Limits of Liability shall not exceed those afforded under the current claims-made policy.
 2. Extended Reporting Period Coverage applies to claims first made against the insured immediately following the effective date of cancellation or non-renewal; but only by reason of alleged malpractice which occurred on or after the retroactive date and before the termination of the policy (and which is otherwise covered by this insurance) for a period of unlimited duration.
 3. Extended Reporting Period Coverage will be provided, with no additional premium due, in the event of death or permanent disability. Permanent disability must have existed continuously for not less than six months, have rendered the insured unable or incapable of practicing or continuing to practice, and expected to be continuous and permanent.
 4. Extended Reporting Period Coverage will be available to all chiropractors insured under a claims-made policy.
 5. Upon termination of coverage, the insured may purchase Extended Reporting Period Coverage. The insured is eligible for this coverage provided:

- a. the insured requests Extended Reporting Period Coverage within 30 days of the effective date of termination; and
 - b. any outstanding premium with respect to the terminated policy is paid.
6. An insured who retires from practice will receive a 20% discount from the applicable Extended Reporting Period Coverage premium for each consecutive year with PACO (or an affiliated company). These discounts are reflected in the following Table.

<u>Consecutive Years with PACO</u>	<u>Discount Applicable To Extended Reporting Period Coverage Premium</u>
1	20%
2	40%
3	60%
4	80%
5	100%

7. Extended Reporting Period Coverage premium may be waived for policyholders who have been insured by PACO (or an affiliated company) for 5 years and enter full time academia.
 - a. Extended Reporting Period Coverage premium will be permanently waived for policyholders who have been called to active duty by the United States Military.
9. In the event that the policy is canceled (for reasons other than nonpayment of premium or underwriting reasons) after 10 or more consecutive years of coverage, Extended Reporting Period Coverage shall be provided at no additional charge.
10. The Company shall inform the Insured of the optional Extended Reporting Period Coverage (ERP) premium at the time the last policy is purchased. The Company may not wait until the Insured requests to purchase the ERP to tell the Insured what the premium will be or how the premium would be calculated.
11. The following credits: Claims Free Discount, Employed Chiropractor, New Practitioner, Part –Time, and Semi-Retired (as defined under Rule I.D.) shall, if applicable, be applied when determining the final extended reporting period premium.

The following credits: Leave of Absence and Risk Management (as defined under Rule I.D) shall not be applied when determining the final extended reporting period premium.

OUM CHIROPRACTOR PROGRAM

SUPPLEMENT TO CHIROPRACTIC PHYSICIAN MALPRACTICE LIABILITY RATING MANUAL

STATE OF ILLINOIS

A. Rule A. 2. under **SECTION I.** is replaced with the following:

2. Partnership, Corporation or Professional Association: All owners in the entity must be insured with PACO and maintain the same Limits of Liability. There is no additional premium and the Limit of Liability is shared with the named insured. A separate limit of liability may be purchased for the corporation for an additional cost of 5% of total premium. The maximum charge would be 100% of the mature corresponding limit of liability and the minimum would be 5% of the professional liability premium being charged.

B. Rule D. 9. under **SECTION 1** is replaced by the following:

9. Schedule Rating: As the company becomes aware of variability in risk characteristics presented by an insured or group who, in the opinion of the company, uniquely qualifies for premium modifications because of factors not contemplated in the filed rate structure of the company, the following schedule of modifications shall be used to determine the appropriate premium.

The premium for a risk may be modified in accordance with the following, subject to a maximum modification of -25% / +25%, to recognize risk characteristics that are not reflected in the otherwise applicable premium. All modifications applied under this Schedule Rating Plan are subject to periodic review.

All premium modifications applied under the Schedule Rating Plan will be documented in the individual insured's file.

The scheduled credits and debits will be uniformly and consistently applied to similar classes or risks.

The modification shall be based on one or more of the following considerations:

Participation in risk management program (Credit 0-15%)

Additional activities undertaken with the specific intention of reducing the frequency and severity of claims.

Unusual risk characteristics (Credit or Debit 0- 25%)

Characteristics of a particular insured that differentiate the insured to be greater/less than from other members of the same class.

Record keeping (Credit or Debit 0-10%)

Degree to which the insured incorporates methods to maintain quality patient records, referrals, and test results.

Professional loss history/trends (Debit 0-25%)

The frequency or severity of claims for the insured is greater than the expected experience for an insured of the same classifications/size or recognition of unusual circumstances of claims in the loss experience.

Group practice (Credit 0-10%)

A group's size, processes, and/or roster of insureds are such that the company will incur lesser costs in association with its service to, or coverage of, the group.

Claim Free Discount (Credit 0-5%)

An insured may qualify for a discount based on claim-free status (no demand made for money or services) for a minimum period of three years.

C. The following Discount is added to SECTION I. D. Premium Discounts:

10. State Chiropractic Association Discount: Chiropractors who maintain membership in the Illinois Chiropractic Society (ICS) qualify for a discount of 10%.

D. Rule G. 3. under SECTION I. is replaced with the following:

3. A policy canceled for non-payment of premium will not be reinstated unless the total amount of outstanding premium is received. If payment is received after the effective date of cancellation, the policy may be reinstated with a satisfactory underwriting review, and will be charged a \$50 reinstatement fee.
 - a. Cancellation for non-payment will not be effective for 10 working days. Postal holidays and weekends will extend the number of days.
 - b. Cancellation notice will be sent by certified mail return receipt requested.

E. The following Rule is added as Rule H. under SECTION I:

H. PREMIUM PAYMENT PLAN OPTIONS

OPTION A: QUARTERLY INSTALLMENT

1. A quarterly installment option is available upon issuance of a new policy or upon renewal of an existing policy. The quarterly installment option will include an installment charge of \$25.00 per installment or 1% of the total annual premium whichever is less. Available option shall be a quarterly (four-pay) option with equal installments of 25% each.

The first installment is due (as a down payment) when the policy is issued or renewed. The remaining installments are due 3, 6, and 9 months from policy inception.

2. Collection: Past due accounts will be sent for collection after three attempts have been made to clear the account.

Arrangements may be made to allow the Insured time to pay the outstanding balance.

3. Additional premium from a policy change shall be spread over the remaining installments, if any. If there are no remaining installments, additional premium resulting from change shall be billed immediately as a separate transaction.
4. Insureds shall have the option of paying the premium in full at any time without incurring additional fees.
5. In the event that an Insured makes his/her payment after the due date, he/she will be charged a flat late fee of \$10.00.
6. The Company shall not apply interest charge.

OPTION B: FIVE PAYMENT PLAN

1. A five payment premium plan option is available upon issuance of a new policy or upon renewal of an existing policy. The five payment premium plan option will include an additional 9.5% annual percentage rate finance charge. This finance charge will apply to all policyholders.
 - a. Collection: Past due accounts will be sent for collection after three attempts have been made to clear the account. Arrangements may be made to allow the practitioner time to pay the outstanding balance.
 - b. In the event that an insured makes his/her payment after the due date, he/she will be charged a flat late fee of \$10.00.

OPTION C: TWO PAYMENT PLAN

1. A two payment premium plan option is available upon issuance of a new policy or upon renewal of an existing policy. The two payment premium plan option will not include a finance charge or installment fee.

OPTION D: ANNUAL PAYMENT PLAN

1. An annual payment premium plan option is available upon issuance of a new policy or upon renewal of an existing policy. The annual payment premium plan option will not include a finance charge or installment fee.

F. Rule B.2. under **SECTION II** is replaced with the following:

2. Separate Limit of Liability is optional for an additional 5% of the total premium charged as a result of the net premium of each insured member of the corporation or partnership. The Company must insure all members of the corporation. The maximum charge will be 100% of the mature premium for the corresponding limit of liability and the minimum would be 5% of the professional liability premium being charged.

G. SECTION IV. EXTENDED REPORTING PERIOD COVERAGE (OPTIONAL EXTENSION COVERAGE) is hereby deleted in its entirety and replaced with the following:

- A. The premium for the Optional Extension Coverage shall be the product of the applicable percentage factor in the following Table and the expiring annual premium of the policy:

<u>Consecutive Years of Prior Claims-Made Coverage</u>	<u>Percentage Factor Applicable</u>
One	100%
Two	155%
Three	175%
Four or More	180%

The number of consecutive years of prior claims-made coverage shall be determined as of the date the Optional Extension Coverage is purchased.

- B. The availability of Extended Reporting Period coverage shall be governed by the following rules, subject to underwriting approval.
 1. Available Limits of Liability shall not exceed those afforded under the current claims-made policy.
 2. Extended Reporting Period Coverage applies to claims first made against the insured immediately following the effective date of cancellation or non-renewal; but only by reason of alleged malpractice which occurred on or after the retroactive date and before the termination of the policy (and which is otherwise covered by this insurance) for a period of unlimited duration.
 3. Extended Reporting Period Coverage will be provided, with no additional premium due, in the event of death or permanent disability. Permanent disability must have existed continuously for not less than six months, have rendered the insured unable or incapable of practicing or continuing to practice, and expected to be continuous and permanent.
 4. Extended Reporting Period Coverage will be available to all chiropractors insured under a claims-made policy.
 5. Upon termination of coverage, the insured may purchase Extended Reporting Period Coverage. The insured is eligible for this coverage provided:

- a. the insured requests Extended Reporting Period Coverage within 30 days of the effective date of termination; and
 - b. any outstanding premium with respect to the terminated policy is paid.
6. An insured who retires from practice will receive a 20% discount from the applicable Extended Reporting Period Coverage premium for each consecutive year with PACO (or an affiliated company). These discounts are reflected in the following Table.

<u>Consecutive Years with PACO</u>	<u>Discount Applicable To Extended Reporting Period Coverage Premium</u>
1	20%
2	40%
3	60%
4	80%
5	100%

7. Extended Reporting Period Coverage premium may be waived for policyholders who have been insured by PACO (or an affiliated company) for 5 years and enter full time academia.
 - a. Extended Reporting Period Coverage premium will be permanently waived for policyholders who have been called to active duty by the United States Military.
9. In the event that the policy is canceled (for reasons other than nonpayment of premium or underwriting reasons) after 10 or more consecutive years of coverage, Extended Reporting Period Coverage shall be provided at no additional charge.
10. The Company shall inform the Insured of the optional Extended Reporting Period Coverage (ERP) premium at the time the last policy is purchased. The Company may not wait until the Insured requests to purchase the ERP to tell the Insured what the premium will be or how the premium would be calculated.
11. The following credits: Claims Free Discount, Employed Chiropractor, New Practitioner, Part –Time, and Semi-Retired (as defined under Rule I.D.) shall, if applicable, be applied when determining the final extended reporting period premium.

The following credits: Leave of Absence and Risk Management (as defined under Rule I.D) shall not be applied when determining the final extended reporting period premium.

State:	Illinois	Filing Company:	PACO Assurance Company, Inc.
TOI/Sub-TOI:	11.0 Medical Malpractice - Claims Made/Occurrence/11.0003 Chiropractic		
Product Name:	OUM Chiropractor Program		
Project Name/Number:	Schedule Rating Plan/IL-2118-C		

Supporting Document Schedules

Satisfied - Item:	Explanatory Memorandum
Comments:	<p>We wish to revise our currently approved Illinois Rating Manual Supplement Ed. 7-08 that was approved on August 5, 2008, under our filing number IL-874-C. This supplement amended our OUM Chiropractic Rating Manual Ed. 1-01-08 and removed our schedule rating plan under Item D.</p> <p>We now would like to add a schedule rating plan back to our manual in the revised Illinois Rating Manual Supplement Ed. 8-13 under Item B. We have also renumbered the items in the 8-13 edition to reflect the order in which the rules are stated in our OUM Chiropractic Rating Manual Ed. 1-01-08 which has also been attached for your reference.</p>
Attachment(s):	
Item Status:	
Status Date:	
Bypassed - Item:	Form RF3 - (Summary Sheet)
Bypass Reason:	Not applicable to this filing.
Attachment(s):	
Item Status:	
Status Date:	
Satisfied - Item:	Certification
Comments:	
Attachment(s):	IL Dual Certification 7-11-2013.pdf
Item Status:	
Status Date:	
Bypassed - Item:	Request to Maintain Data as Trade Secret Information
Bypass Reason:	Not applicable.
Attachment(s):	
Item Status:	
Status Date:	
Satisfied - Item:	Manual

State:	Illinois	Filing Company:	PACO Assurance Company, Inc.
TOI/Sub-TOI:	11.0 Medical Malpractice - Claims Made/Occurrence/11.0003 Chiropractic		
Product Name:	OUM Chiropractor Program		
Project Name/Number:	Schedule Rating Plan/IL-2118-C		

Comments:	Our OUM Chiropractic Rating Manual Ed. 1-01-08 is being attached for your reference. It was approved on August 5, 2008, under our filing # IL-874-C. No changes are being made to it at this time. It is being attached for "Informational Purposes" to help with the review of this filing.
Attachment(s):	OUM Chiropractor Rating Manual (PACO) Ed. 1-01-08 (Revised 8-15-07).pdf Redline - IL Chiro Manual Supp. 7-08 to 8-13.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Redline of changes to address the 8-6-13 Objection Letter
Comments:	The rules also were reorder to following the numbering of how they appear in our OUM Rating Manual Ed. 1-01-08.
Attachment(s):	Redline of Changes to Address 8-6-13 Objection Letter.pdf
Item Status:	
Status Date:	

**ILLINOIS CERTIFICATION OF
MEDICAL MALPRACTICE RATES**

(215 ILCS 5/155.18)(c)(5) states that medical liability rates shall be certified in such filings by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience.

I, Howard Friedman, ACAS, a qualified actuary, am authorized to certify on behalf of the Company making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience, and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are subject of this filing.

I, Janet C. Fox, an officer of PACO Assurance Company, Inc., am authorized to certify on behalf of the Company making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience, and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are subject of this filing.



Howard Friedman, ACAS

July 11, 2013

Date



Janet C. Fox, Assistant Secretary

July 11, 2013

Date

Insurance Company FEIN # 36-3998471 Filing Number IL-2118-C

Insurer's Address 3000 Meridian Boulevard; Suite 400

City Franklin State TN Zip Code 37067

Contact Person's:

Name and E-mail Latasha Campbell lcampbell@picagroup.com

Direct Telephone and Fax Number (615) 371-8776 ext. 2201 (615) 324-9161

RATING MANUAL

FOR

CHIROPRACTIC PHYSICIAN

MALPRACTICE LIABILITY

(OUM Chiropractor Program)

CHIROPRACTIC UNDERWRITING MANUAL PROFESSIONAL LIABILITY

I. GENERAL RULES

This manual includes underwriting rules and regulations as they relate to underwriting for Chiropractic Physician Malpractice Liability.

A. INSURED CLASSIFICATION

1. Individual Chiropractor: Each chiropractor shall be individually written in accordance with these rules.
2. Partnership, Corporation or Professional Association: All owners in the entity must be insured with PACO and maintain the same Limits of Liability. There is no additional premium and the Limit of Liability is shared with the named insured. A separate limit of liability may be purchased for the corporation for an additional cost of 10% of total premium. The maximum charge would be 100% of the mature corresponding limit of liability and the minimum would be 10% of the professional liability premium being charged.
3. Chiropractic Medical Schools: Separate application and policy forms are available for institutional coverage to include interns, teaching staff and students.

B. POLICY TERM

Policies are written for a one year term and may be renewed annually thereafter. On exception, a short-term policy may be issued on a pro-rata basis and then renewed for an annual term thereafter.

C. PREMIUM COMPUTATION/ROUNDING TABLE

1. All premiums are for an annual period.
2. Computation of the premium at inception uses the premium in effect at the time. At each renewal, computation of the premium will be at the premium in effect at the time. If a claims-made policy, retroactive coverage may be provided to the insured's previous policy retroactive date (provided that the chiropractor's prior policy is a claims-made policy).
3. Each insured is rated in the state and/or territory where he or she practices more than 50% of the time.
4. Rounding to the nearest dollar amount is done at each step of the computation process, as opposed to rounding the final premium. (Round a premium involving \$.50 or over to the next higher whole dollar; less than \$.50 to the previous whole dollar.)

D. PREMIUM DISCOUNTS

1. License Date: PACO uses the license date as the reference date to be eligible for discounts. The license date is defined as the first date the chiropractor is eligible to practice chiropractic. We only use one date as the license date to reference discounts. The license date used to reference discounts is the first time a chiropractor ever becomes licensed to practice.

2. Employed: A chiropractor must be employed 100% of the time without ownership interest to receive a 25% employed discount. The insured cannot have any ownership interest and work for the corporation and receive the employed discount. It is pertinent to know who provides coverage for the employer.
3. New Practitioner: The first-year professional liability premium is reduced 75%, the second-year premium 50%, the third-year premium 35% and the fourth-year 20%. No finance charges will be applied to the first, second, third or fourth year. The insured's first licensure date must fall within 18 months of the insured's graduation date. .

The new practitioner discount will be allowed for applicants requesting retroactive coverage up to four years in practice.

4. Risk Management: We offer risk management discounts for insureds who attend certified seminars, complete approved home study courses, or fulfill other approved risk management educational objectives. The chiropractor can receive a 5% and/or 10% credit on their individual policy premium. The risk management discount will only be applied to the doctor's base premium. The maximum total risk management discount available per policy period is 15%. A 10% discount will be granted to new applicants who have completed either a risk management program which would have qualified for a risk management discount with their previous carrier or a continuing medical education program approved under applicable state law.
5. Semi-Retired: Premiums are reduced by 50%.

To qualify for this discount, the insured must be at least 55 years of age, must have been insured with PACO (or an affiliated company) for at least five years immediately prior to becoming semi-retired and must not practice more than 20 hours a week. Prior years of part-time status may be credited if verifiable from the practitioner.

6. Part-Time: To qualify for this discount, the insured must practice 1-10 hours to receive a 50% discount or 11-20 hours a week to receive a 25% discount.
7. Multiple Discounts: The practitioner will receive the greater of the classification discount that applies. For example an insured would receive a 50% semi-retired discount and not an employed chiropractor's discount. The total maximum discount available from the application of all discounts shall be 75%.
8. Leave of Absence: This endorsement gives a 75% discount to the insured and interrupts the policy for special circumstances. These include, but are not limited to, illness, childbirth, sabbatical leave, additional training and other situations as approved by the Underwriting Department. Maximum time for Leave of Absence is 12 months.
9. Schedule Rating: The following schedule of credits or debits may be used to modify premium for certain insureds, reflecting unique exposure present in those risks. These insureds may qualify for schedule rating because of factors not contemplated in the filed rate structure of the company. Pursuant to underwriting judgment, any or all of the following factors may be considered when assigning credits or debits. A combined maximum credit or debit of 25% may be applied to recognize risk characteristics that are not reflected in an otherwise applicable rate. Any credits or debits assigned under this plan are subject to annual review. Premiums may be modified based upon the following exposure and rating characteristics:

	<u>Credit</u>	<u>Debit</u>
Participation in risk management program	0-15%	N/A
Unusual risk characteristics	0-25%	0-25%
Claims free discounts	0-10%	N/A
Record keeping	0-10%	0-10%
Professional loss history/trends	N/A	0-25%
Group practice or association membership	0-20%	N/A

(N/A = not applicable)

E. COVERAGE CHANGE REQUEST

The premium and rules in effect on the effective date of change apply. Coverage may be increased or decreased at any time during the policy year. Premium changes will be computed on a pro-rata basis.

1. Endorsements: Policies involving corporation, partnership or professional association limits of liability must be consistent. Endorsements are not back dated unless coverage has been replaced and verified. Any change in coverage must be submitted in writing and signed by the named insured.
2. Retroactive Coverage (Claims-Made only): A copy of the applicant's current declaration page is required to verify the retroactive date. If retroactive coverage is not approved, the applicant will be advised that Optional Extension Coverage should be purchased from their previous carrier. A practitioner accepted on probation is not allowed retroactive coverage.
3. Locum Tenens Coverage: This coverage will be offered at no charge for periods of sixty days within any policy year, subject to underwriting approval of the replacement chiropractor.

F. RETURN PREMIUM POLICY

1. Deletion of a state mandated coverage is not permitted unless the entire policy is canceled.
2. Premium will be computed for policy cancellation utilizing the initial premium charged.
3. Return premium will be computed pro-rata by rounding to the next higher whole dollar when any coverage is deleted or an amount of insurance is reduced.
4. Premium of \$5.00 or less will be waived or returned to the insured if requested. This waiver only applies to cash exchange due on the endorsement effective date.
5. Return premium is sent to the "Named Insured" regardless of who makes the premium payment. In the event of death of an insured, the return premium is sent "To The Estate of"

G. POLICY CANCELLATION

1. Return premium is computed pro-rata and rounded to the next higher whole dollar when:
 - a. a policy is canceled by the company.
 - b. a policy is canceled by the insured because of retirement, disability or death.
(Notices are sent by certified mail to verify receipt of notification.)
2. Return premium is computed short-rate and rounded to the next higher whole dollar when:
 - a. a policy is cancelled by the insured.
 - b. a policy is cancelled for non-payment of premium
(Notices are sent by certified mail to verify receipt of notification.)

3. A policy canceled for non-payment of premium will not be reinstated unless the total amount of outstanding premium is received. If payment is received after the effective date of cancellation, the policy may be reinstated with a satisfactory underwriting review, and will be charged a \$50 reinstatement fee.
 - a. Cancellation for non-payment will not be effective for 10 working days. Postal holidays and weekends will extend the number of days.
 - b. Cancellation notice will be sent by certified mail return receipt requested.

II. INSURANCE COVERAGE

- A. This policy includes but is not limited to mandatory Chiropractic Professional Liability coverage as a result of providing or failing to provide professional services.
- B. Corporation Professional Liability
 1. Shared Limit of Liability at no additional charge when the Company insures all members of the corporation.
 2. Separate Limit of Liability is optional for an additional 10% of the total premium charged as a result of the net premium of each insured member of the corporation or partnership. The Company must insure all members of the corporation. The maximum charge will be 100% of the mature premium for the corresponding limit of liability and the minimum would be 10% of the professional liability premium being charged.
- C. Regulatory or Administrative Legal Defense Costs Endorsement

This endorsement expands the Chiropractor Professional Liability Policy to include a Legal and Audit Defense Cost Benefit on matters instituted against the insured for specified “covered proceedings” as defined in the endorsement. It will be included with all policies at no additional charge. Limits are \$25,000/\$25,000.
- D. Chiropractic Treatment of Animals Endorsement

This endorsement is available for an additional premium of \$500 per year. It modifies the policy to include limited coverage for the chiropractic treatment of animals. Limits are \$25,000/\$50,000.
- E. Chiropractic Externship Endorsement

This endorsement will be available for no additional premium. It modifies the policy to include coverage for chiropractic externs of the Named Insured. The name of each chiropractic extern will be indicated on the endorsement.

III. LIMITS OF LIABILITY

- A. \$ 100,000 Each Claim / \$ 300,000 Annual Aggregate
- B. \$ 200,000 Each Claim / \$ 600,000 Annual Aggregate
- C. \$ 250,000 Each Claim / \$ 750,000 Annual Aggregate
- D. \$ 500,000 Each Claim / \$1,000,000 Annual Aggregate
- E. \$ 500,000 Each Claim / \$1,500,000 Annual Aggregate
- F. \$1,000,000 Each Claim / \$1,000,000 Annual Aggregate
- G. \$1,000,000 Each Claim / \$3,000,000 Annual Aggregate

IV. EXTENDED REPORTING PERIOD COVERAGE (OPTIONAL EXTENSION COVERAGE)

- A. The percentages in the following Table shall be applied to the mature claims-made premium (4th year premium) in the year coverage is being purchased.

<u>Years of Prior PACO (or affiliate) Claims-Made Coverage</u>	<u>Percentage of 4th Year Claims-Made Premium</u>
One	100%
Two	155%
Three	175%
Four or More	180%

- B. The availability of Extended Reporting Period coverage shall be governed by the following rules, subject to underwriting approval.

1. Available Limits of Liability shall not exceed those afforded under the current claims-made policy.
2. Extended Reporting Period Coverage applies to claims first made against the insured immediately following the effective date of cancellation or non-renewal; but only by reason of alleged malpractice which occurred subsequent to the retroactive date and prior to the effective date of cancellation or non-renewal (and which is otherwise covered by this insurance).
3. Extended Reporting Period Coverage will be provided, with no additional premium due, in the event of death or permanent disability. Permanent disability must have existed continuously for not less than six months, have rendered the insured unable or incapable of practicing or continuing to practice, and expected to be continuous and permanent.
4. Extended Reporting Period Coverage will be available to all chiropractors insured under a claims-made policy except those who are canceled for non-payment of premium and/or non-compliance with the terms and conditions of the policy.
5. Should an insured terminate coverage, the insured may purchase Extended Reporting Period Coverage. The insured is eligible for this coverage provided:
 - a. The insured requests Extended Reporting Period Coverage within 30 days of policy termination and premium is paid.
 - b. The insured requests Extended Reporting Period Coverage within 30 days after the effective date of cancellation of the policy.
6. An insured who retires from practice will receive a 20% discount from the applicable Extended Reporting Period Coverage premium for each consecutive year with PACO (or an affiliated company). These discounts are reflected in the following Table.

<u>Consecutive Years with PACO</u>	<u>Discount Applicable To Extended Reporting Period Coverage Premium</u>
1	20%
2	40%
3	60%
4	80%
5	100%

7. Extended Reporting Period Coverage premium may be waived for policyholders who have been insured by PACO (or an affiliated company) for 5 years and enter full time academia.
8. Extended Reporting Period Coverage premium may be waived for policyholders who have been called to active duty by the United States Military.
9. In the event that the policy is canceled (for reasons other than nonpayment of premium or underwriting reasons) after 10 or more consecutive years of coverage, Extended Reporting Period Coverage shall be provided at no additional charge.

Text Comparison

Documents Compared

Rating Manual Supp - IL (PACO Chiro) Ed. 7-08.pdf - Adobe Acrobat Professional

Rating Manual Supplement - IL (PACO Chiro) Ed 8-13.pdf - Adobe Acrobat Professional

Summary

391 word(s) added

93 word(s) deleted

1339 word(s) matched

14 block(s) matched

To see where the changes are, scroll down.

OUM CHIROPRACTOR PROGRAM

SUPPLEMENT TO CHIROPRACTIC PHYSICIAN MALPRACTICE LIABILITY RATING MANUAL

STATE OF ILLINOIS

A. The following Discounts are added to **SECTION I. D. Premium Discounts:**

10. Claim* Free Discount: Chiropractors may qualify for a 3% to 5% discount in premium based on a claim-free status for a minimum period of three years.

* A claim is a demand for money or services

11. State Chiropractic Association Discount: The premium may be decreased by 10% to reflect membership in the Illinois Chiropractic Society (ICS).

~~B. Rule G. 3. under SECTION I. is hereby replaced with the following:~~

3. A policy canceled for non-payment of premium will not be reinstated unless the total amount of outstanding premium is received. If payment is received after the effective date of cancellation, the policy may be reinstated with a satisfactory underwriting review, and will be charged a \$50 reinstatement fee.
- a. Cancellation for non-payment will not be effective for 10 working days. Postal holidays and weekends will extend the number of days.
- b. Cancellation notice will be sent by certified mail return receipt requested.

~~E.~~ **SECTION IV. EXTENDED REPORTING PERIOD COVERAGE (OPTIONAL EXTENSION COVERAGE)** is hereby deleted in its entirety and replaced with the following:

- A. The premium for the Optional Extension Coverage shall be the product of the applicable percentage factor in the following Table and the expiring annual premium of the policy:

OUM CHIROPRACTOR PROGRAM

SUPPLEMENT TO CHIROPRACTIC PHYSICIAN MALPRACTICE LIABILITY RATING MANUAL

STATE OF ILLINOIS

A. **Rule A. 2.** under **SECTION I** is replaced with the following:

2. Partnership, Corporation or Professional Association: All owners in the entity must be insured with PACO and maintain the same Limits of Liability. There is no additional premium and the Limit of Liability is shared with the named insured. A separate limit of liability may be purchased for the corporation for an additional cost of 5% of total premium. The maximum charge would be 100% of the mature corresponding limit of liability and the minimum would be 5% of the professional liability premium being charged.

B. **Rule D. 9.** under **SECTION 1** is replaced by the following:

9. Schedule Rating: As the company becomes aware of variability in risk characteristics presented by an insured or group who, in the opinion of the company, uniquely qualifies for premium modifications because of factors not contemplated in the filed rate structure of the company, the following schedule of modifications shall be used to determine the appropriate premium.

The premium for a risk may be modified in accordance with the following, subject to a maximum modification of -25% / +25%, to recognize risk characteristics that are not reflected in the otherwise applicable premium. All modifications applied under this Schedule Rating Plan are subject to periodic review.

All premium modifications applied under the Schedule Rating Plan will be documented in the individual insured's file.

The scheduled credits and debits will be uniformly and consistently applied to similar classes or risks.

The modification shall be based on one or more of the following considerations:

Participation in risk management program (Credit 0-15%)

Additional activities undertaken with the specific intention of reducing the frequency and severity of claims.

Unusual risk characteristics (Credit or Debit 0- 25%)

Characteristics of a particular insured that differentiate the insured to be greater/less than from other members of the same class.

<u>Consecutive Years of Prior Claims-Made Coverage</u>	<u>Percentage Factor Applicable</u>
One	100%
Two	155%
Three	175%
Four or More	180%

The number of consecutive years of prior claims-made coverage shall be determined as of the date the Optional Extension Coverage is purchased.

- B. The availability of Extended Reporting Period coverage shall be governed by the following rules, subject to underwriting approval.
1. Available Limits of Liability shall not exceed those afforded under the current ~~claims-made~~ policy.
 2. Extended Reporting Period Coverage applies to claims first made against the insured immediately following the effective date of cancellation or non-renewal; but only by reason of alleged malpractice which occurred on or after the retroactive date and before the termination of the policy (and which is otherwise covered by this insurance) for a period of unlimited duration.
 3. Extended Reporting Period Coverage will be provided, with no additional premium due, in the event of death or permanent disability. Permanent disability must have existed continuously for not less than six months, have rendered the insured unable or incapable of practicing or continuing to practice, and expected to be continuous and permanent.
 4. Extended Reporting Period Coverage will be available to all chiropractors insured under a claims-made policy.
 5. Upon termination of coverage, the insured may purchase Extended Reporting Period Coverage. The insured is eligible for this coverage provided:
 - a. the insured requests Extended Reporting Period Coverage within 30 days of the effective date of termination; and
 - b. any outstanding premium with respect to the terminated policy is paid.
 6. An insured who retires from practice will receive a 20% discount from the

Record keeping (Credit or Debit 0-10%)

Degree to which the insured incorporates methods to maintain quality patient records, referrals, and test results.

Professional loss history/trends (Debit 0-25%)

The frequency or severity of claims for the insured is greater than the expected experience for an insured of the same classifications/size or recognition of unusual circumstances of claims in the loss experience.

Group practice (Credit 0-10%)

A group's size, processes, and/or roster of insureds are such that the company will incur lesser costs in association with its service to, or coverage of, the group.

C. The following Discounts are added to **SECTION I. D. Premium Discounts:**

10. **Claim* Free Discount:** Chiropractors may qualify for a 3% to 5% discount in premium based on a claim-free status for a minimum period of three years.

* A claim is a demand for money or services

11. **State Chiropractic Association Discount:** The premium may be decreased by 10% to reflect membership in the Illinois Chiropractic Society (ICS).

D. Rule G. 3. under SECTION I. is replaced with the following:

3. A policy canceled for non-payment of premium will not be reinstated unless the total amount of outstanding premium is received. If payment is received after the effective date of cancellation, the policy may be reinstated with a satisfactory underwriting review, and will be charged a \$50 reinstatement fee.
 - a. Cancellation for non-payment will not be effective for 10 working days. Postal holidays and weekends will extend the number of days.
 - b. Cancellation notice will be sent by certified mail return receipt requested.

E. The following Rule is added as **Rule H** under **SECTION I:**

H. PREMIUM PAYMENT PLAN OPTIONS

OPTION A: QUARTERLY INSTALLMENT

1. A quarterly installment option is available upon issuance of a new policy or upon renewal of an existing policy. The quarterly installment option will include an installment charge of \$25.00 per installment or 1% of the total annual premium whichever is less. Available option shall be a quarterly (four-pay) option with equal installments of 25% each.

applicable Extended Reporting Period Coverage premium for each consecutive year with PACO (or an affiliated company). These discounts are reflected in the following Table.

<u>Consecutive Years with PACO</u>	<u>Discount Applicable To Extended Reporting Period Coverage Premium</u>
1	20%
2	40%
3	60%
4	80%
5	100%

7. Extended Reporting Period Coverage premium may be waived for policyholders who have been insured by PACO (or an affiliated company) for 5 years and enter full time academia.
- ~~8.~~ Extended Reporting Period Coverage premium will be permanently waived for policyholders who have been called to active duty by the United States Military.
9. In the event that the policy is canceled (for reasons other than nonpayment of premium or underwriting reasons) after 10 or more consecutive years of coverage, Extended Reporting Period Coverage shall be provided at no additional charge.
10. The Company shall inform the Insured of the optional Extended Reporting Period Coverage (ERP) premium at the time the last policy is purchased. The Company may not wait until the Insured requests to purchase the ERP to tell the Insured what the premium will be or how the premium would be calculated.
11. The following credits: Claims Free Discount, Employed Chiropractor, New Practitioner, Part –Time, and Semi-Retired (as defined under Rule I.D.) shall, if applicable, be applied when determining the final extended reporting period premium.

The following credits: Leave of Absence and Risk Management (as defined under Rule I.D) shall not be applied when determining the final extended reporting period ~~premium.~~

~~D. Rule D. 9. Schedule Rating under SECTION I is hereby deleted in its' entirety.~~

The first installment is due (as a down payment) when the policy is issued or renewed. The remaining installments are due 3, 6, and 9 months from policy inception.

2. Collection: Past due accounts will be sent for collection after three attempts have been made to clear the account.

Arrangements may be made to allow the Insured time to pay the outstanding balance.

3. Additional premium from a policy change shall be spread over the remaining installments, if any. If there are no remaining installments, additional premium resulting from change shall be billed immediately as a separate transaction.

4. Insureds shall have the option of paying the premium in full at any time without incurring additional fees.

5. In the event that an Insured makes his/her payment after the due date, he/she will be charged a flat late fee of \$10.00.

6. The Company shall not apply interest charge.

OPTION B: FIVE PAYMENT PLAN

1. A five payment premium plan option is available upon issuance of a new policy or upon renewal of an existing policy. The five payment premium plan option will include an additional 9.5% annual percentage rate finance charge. This finance charge will apply to all policyholders.

a. Collection: Past due accounts will be sent for collection after three attempts have been made to clear the account. Arrangements may be made to allow the practitioner time to pay the outstanding balance.

b. In the event that an insured makes his/her payment after the due date, he/she will be charged a flat late fee of \$10.00.

OPTION C: TWO PAYMENT PLAN

1. A two payment premium plan option is available upon issuance of a new policy or upon renewal of an existing policy. The two payment premium plan option will not include a finance charge or installment fee.

OPTION D: ANNUAL PAYMENT PLAN

1. An annual payment premium plan option is available upon issuance of a new policy or upon renewal of an existing policy. The annual payment premium plan option will not include a finance charge or installment fee.

~~E. The following is hereby added as Rule II. under the SECTION I. GENERAL RULES~~

H. PREMIUM PAYMENT PLAN OPTIONS

OPTION A: QUARTERLY INSTALLMENT

1. A quarterly installment option is available upon issuance of a new policy or upon renewal of an existing policy. The quarterly installment option will include an installment charge of \$25.00 per installment or 1% of the total annual premium whichever is less. Available option shall be a quarterly (four-pay) option with equal installments of 25% each.

The first installment is due (as a down payment) when the policy is issued or renewed. The remaining installments are due 3, 6, and 9 months from policy inception.

2. Collection: Past due accounts will be sent for collection after three attempts have been made to clear the account.

Arrangements may be made to allow the Insured time to pay the outstanding balance.

3. Additional premium from a policy change shall be spread over the remaining installments, if any. If there are no remaining installments, additional premium resulting from change shall be billed immediately as a separate transaction.

4. Insureds shall have the option of paying the premium in full at any time without incurring additional fees.

5. In the event that an Insured makes his/her payment after the due date, he/she will be charged a flat late fee of \$10.00.

6. The Company shall not apply interest charge.

OPTION B: FIVE PAYMENT PLAN

1. A five payment premium plan option is available upon issuance of a new policy or upon renewal of an existing policy. The five payment premium plan option will include an additional 9.5% annual percentage rate finance charge. This finance charge will apply to all policyholders.

- a. Collection: Past due accounts will be sent for collection after three attempts have been made to clear the account. Arrangements may

F. Rule B.2. under SECTION II is replaced with the following:

2. Separate Limit of Liability is optional for an additional 5% of the total premium charged as a result of the net premium of each insured member of the corporation or partnership. The Company must insure all members of the corporation. The maximum charge will be 100% of the mature premium for the corresponding limit of liability and the minimum would be 5% of the professional liability premium being charged.

G. SECTION IV. EXTENDED REPORTING PERIOD COVERAGE (OPTIONAL EXTENSION COVERAGE) is hereby deleted in its entirety and replaced with the following:

- A. The premium for the Optional Extension Coverage shall be the product of the applicable percentage factor in the following Table and the expiring annual premium of the policy:

<u>Consecutive Years of Prior Claims-Made Coverage</u>	<u>Percentage Factor Applicable</u>
One	100%
Two	155%
Three	175%
Four or More	180%

The number of consecutive years of prior claims-made coverage shall be determined as of the date the Optional Extension Coverage is purchased.

- B. The availability of Extended Reporting Period coverage shall be governed by the following rules, subject to underwriting approval.
1. Available Limits of Liability shall not exceed those afforded under the current claims-made policy.
 2. Extended Reporting Period Coverage applies to claims first made against the insured immediately following the effective date of cancellation or non-renewal; but only by reason of alleged malpractice which occurred on or after the retroactive date and before the termination of the policy (and which is otherwise covered by this insurance) for a period of unlimited duration.
 3. Extended Reporting Period Coverage will be provided, with no additional premium due, in the event of death or permanent disability. Permanent disability must have existed continuously for not less than six months, have rendered the insured unable or incapable of practicing or continuing to practice, and expected to be continuous and permanent.
 4. Extended Reporting Period Coverage will be available to all chiropractors insured under a claims-made policy.
 5. Upon termination of coverage, the insured may purchase Extended Reporting Period Coverage. The insured is eligible for this coverage provided:

be made to allow the practitioner time to pay the outstanding balance.

- b. In the event that an insured makes his/her payment after the due date, he/she will be charged a flat late fee of \$10.00.

OPTION C: TWO PAYMENT PLAN

1. A two payment premium plan option is available upon issuance of a new policy or upon renewal of an existing policy. The two payment premium plan option will not include a finance charge or installment fee.

OPTION D: ANNUAL PAYMENT PLAN

1. An annual payment premium plan option is available upon issuance of a new policy or upon renewal of an existing policy. The annual payment premium plan option will not include a finance charge or installment fee.

~~F.~~ ~~Rule A. 2.~~ under ~~SECTION I.~~ is hereby replaced with the following:

2. Partnership, Corporation or Professional Association: All owners in the entity must be insured with PACO and maintain the same Limits of Liability. There is no additional premium and the Limit of Liability is shared with the named insured. A separate limit of liability may be purchased for the corporation for an additional cost of 5% of total premium. The maximum charge would be 100% of the mature corresponding limit of liability and the minimum would be 5% of the professional liability premium being charged.

~~G.~~ ~~Rule B.2.~~ under ~~SECTION II.~~ is hereby replaced with the following:

2. Separate Limit of Liability is optional for an additional 5% of the total premium charged as a result of the net premium of each insured member of the corporation or partnership. The Company must insure all members of the corporation. The maximum charge will be 100% of the mature premium for the corresponding limit of liability and the minimum would be 5% of the professional liability premium being charged.

- a. the insured requests Extended Reporting Period Coverage within 30 days of the effective date of termination; and
 - b. any outstanding premium with respect to the terminated policy is paid.
6. An insured who retires from practice will receive a 20% discount from the applicable Extended Reporting Period Coverage premium for each consecutive year with PACO (or an affiliated company). These discounts are reflected in the following Table.

<u>Consecutive Years with PACO</u>	<u>Discount Applicable To Extended Reporting Period Coverage Premium</u>
1	20%
2	40%
3	60%
4	80%
5	100%

7. Extended Reporting Period Coverage premium may be waived for policyholders who have been insured by PACO (or an affiliated company) for 5 years and enter full time academia.
 - a. Extended Reporting Period Coverage premium will be permanently waived for policyholders who have been called to active duty by the United States Military.
9. In the event that the policy is canceled (for reasons other than nonpayment of premium or underwriting reasons) after 10 or more consecutive years of coverage, Extended Reporting Period Coverage shall be provided at no additional charge.
10. The Company shall inform the Insured of the optional Extended Reporting Period Coverage (ERP) premium at the time the last policy is purchased. The Company may not wait until the Insured requests to purchase the ERP to tell the Insured what the premium will be or how the premium would be calculated.
11. The following credits: Claims Free Discount, Employed Chiropractor, New Practitioner, Part –Time, and Semi-Retired (as defined under Rule I.D.) shall, if applicable, be applied when determining the final extended reporting period premium.

The following credits: Leave of Absence and Risk Management (as defined under Rule I.D) shall not be applied when determining the final extended reporting period premium.

Text Comparison

Documents Compared

OBSOLETE Rating Manual Supplement - IL (PACO Chiro) Ed. 8-13.pdf - Adobe Acrobat Professional

Rating Manual Supplement - IL (PACO Chiro) Ed 8-13.pdf

Summary

159 word(s) added

185 word(s) deleted

1567 word(s) matched

17 block(s) matched

To see where the changes are, scroll down.

OUM CHIROPRACTOR PROGRAM

SUPPLEMENT TO CHIROPRACTIC PHYSICIAN MALPRACTICE LIABILITY RATING MANUAL

STATE OF ILLINOIS

~~A. The following Discounts are added to SECTION I. D. Premium Discounts.~~

9. Schedule Rating: As the company becomes aware of variability in risk characteristics presented by an insured or group who, in the opinion of the company, uniquely qualifies for premium modifications because of factors not contemplated in the filed rate structure of the company, the following schedule of modifications shall be used to determine the appropriate premium.

The premium for a risk may be modified in accordance with the following, subject to a maximum modification of -25% / +25%, to recognize risk characteristics that are not reflected in the otherwise applicable premium. All modifications applied under this Schedule Rating Plan are subject to periodic review.

All premium modifications applied under the Schedule Rating Plan will be documented in the individual insured's file.

The scheduled credits and debits will be uniformly and consistently applied to similar classes or risks.

The modification shall be based on one or more of the following considerations:

Participation in risk management program (Credit 0-15%)

Additional activities undertaken with the specific intention of reducing the frequency and severity of claims.

Unusual risk characteristics (Credit or Debit 0- 25%)

Characteristics of a particular insured that differentiate the insured to be greater/less than from other members of the same class.

Record keeping (Credit or Debit 0-10%)

Degree to which the insured incorporates methods to maintain quality patient records, referrals, and test results.

OUM CHIROPRACTOR PROGRAM

SUPPLEMENT TO CHIROPRACTIC PHYSICIAN MALPRACTICE LIABILITY RATING MANUAL

STATE OF ILLINOIS

A. Rule A. 2. under SECTION I is replaced with the following:

2. Partnership, Corporation or Professional Association: All owners in the entity must be insured with PACO and maintain the same Limits of Liability. There is no additional premium and the Limit of Liability is shared with the named insured. A separate limit of liability may be purchased for the corporation for an additional cost of 5% of total premium. The maximum charge would be 100% of the mature corresponding limit of liability and the minimum would be 5% of the professional liability premium being charged.

B. Rule D. 9. under SECTION 1 is replaced by the following:

9. Schedule Rating: As the company becomes aware of variability in risk characteristics presented by an insured or group who, in the opinion of the company, uniquely qualifies for premium modifications because of factors not contemplated in the filed rate structure of the company, the following schedule of modifications shall be used to determine the appropriate premium.

The premium for a risk may be modified in accordance with the following, subject to a maximum modification of -25% / +25%, to recognize risk characteristics that are not reflected in the otherwise applicable premium. All modifications applied under this Schedule Rating Plan are subject to periodic review.

All premium modifications applied under the Schedule Rating Plan will be documented in the individual insured's file.

The scheduled credits and debits will be uniformly and consistently applied to similar classes or risks.

The modification shall be based on one or more of the following considerations:

Participation in risk management program (Credit 0-15%)

Additional activities undertaken with the specific intention of reducing the frequency and severity of claims.

Unusual risk characteristics (Credit or Debit 0- 25%)

Characteristics of a particular insured that differentiate the insured to be greater/less than from other members of the same class.

Professional loss history/trends (Debit 0-25%)

The frequency or severity of claims for the insured is greater than the expected experience for an insured of the same classifications/size or recognition of unusual circumstances of claims in the loss experience.

Group practice or association membership (Credit 0-20%)

A group's size, processes, and/or roster of insureds are such that the company will incur greater or lesser costs in association with its service to, or coverage of, the group.

- ~~10. Claim* Free Discount. Chiropractors may qualify for a 3% to 5% discount in premium based on a claim-free status for a minimum period of three years.~~

~~* A claim is a demand for money or services~~

- ~~11. State Chiropractic Association Discount. The premium may be decreased by 10% to reflect membership in the Illinois Chiropractic Society (ICS).~~

~~B. Rule G. 3. under SECTION I. is hereby replaced with the following:~~

3. A policy canceled for non-payment of premium will not be reinstated unless the total amount of outstanding premium is received. If payment is received after the effective date of cancellation, the policy may be reinstated with a satisfactory underwriting review, and will be charged a \$50 reinstatement fee.
 - a. Cancellation for non-payment will not be effective for 10 working days. Postal holidays and weekends will extend the number of days.
 - b. Cancellation notice will be sent by certified mail return receipt requested.

~~6. SECTION IV. EXTENDED REPORTING PERIOD COVERAGE (OPTIONAL EXTENSION COVERAGE) is hereby deleted in its entirety and replaced with the following:~~

- A. The premium for the Optional Extension Coverage shall be the product of the applicable percentage factor in the following Table and the expiring annual premium of the policy:

<u>Consecutive Years of Prior Claims-Made Coverage</u>	<u>Percentage Factor Applicable</u>
One	100%
Two	155%
Three	175%
Four or More	180%

The number of consecutive years of prior claims-made coverage shall be determined as of the date the Optional Extension Coverage is purchased.

Record keeping (Credit or Debit 0-10%)

Degree to which the insured incorporates methods to maintain quality patient records, referrals, and test results.

Professional loss history/trends (Debit 0-25%)

The frequency or severity of claims for the insured is greater than the expected experience for an insured of the same classifications/size or recognition of unusual circumstances of claims in the loss experience.

Group practice (Credit 0-10%)

A group's size, processes, and/or roster of insureds are such that the company will incur lesser costs in association with its service to, or coverage of, the group.

Claim Free Discount (Credit 0-5%)

An insured may qualify for a discount based on claim-free status (no demand made for money or services) for a minimum period of three years.

C. The following Discount is added to SECTION I.D. Premium Discounts:

10. State Chiropractic Association Discount: Chiropractors who maintain membership in the Illinois Chiropractic Society (ICS) qualify for a discount of 10%

D. Rule G. 3. under SECTION I. is replaced with the following:

3. A policy canceled for non-payment of premium will not be reinstated unless the total amount of outstanding premium is received. If payment is received after the effective date of cancellation, the policy may be reinstated with a satisfactory underwriting review, and will be charged a \$50 reinstatement fee.
 - a. Cancellation for non-payment will not be effective for 10 working days. Postal holidays and weekends will extend the number of days.
 - b. Cancellation notice will be sent by certified mail return receipt requested.

E. The following Rule is added as Rule H under SECTION I:

H. PREMIUM PAYMENT PLAN OPTIONS

OPTION A: QUARTERLY INSTALLMENT

1. A quarterly installment option is available upon issuance of a new policy or upon renewal of an existing policy. The quarterly installment option will include an installment charge of \$25.00 per installment or 1% of the total annual premium whichever is less. Available option shall be a quarterly (four-pay) option with equal installments of 25% each.

The first installment is due (as a down payment) when the policy is issued or renewed. The remaining installments are due 3, 6, and 9 months from policy inception.

B. The availability of Extended Reporting Period coverage shall be governed by the following rules, subject to underwriting approval.

1. Available Limits of Liability shall not exceed those afforded under the current ~~claims-made~~ policy.
2. Extended Reporting Period Coverage applies to claims first made against the insured immediately following the effective date of cancellation or non-renewal; but only by reason of alleged malpractice which occurred on or after the retroactive date and before the termination of the policy (and which is otherwise covered by this insurance) for a period of unlimited duration.
3. Extended Reporting Period Coverage will be provided, with no additional premium due, in the event of death or permanent disability. Permanent disability must have existed continuously for not less than six months, have rendered the insured unable or incapable of practicing or continuing to practice, and expected to be continuous and permanent.
4. Extended Reporting Period Coverage will be available to all chiropractors insured under a claims-made policy.
5. Upon termination of coverage, the insured may purchase Extended Reporting Period Coverage. The insured is eligible for this coverage provided:
 - a. the insured requests Extended Reporting Period Coverage within 30 days of the effective date of termination; and
 - b. any outstanding premium with respect to the terminated policy is paid.
6. An insured who retires from practice will receive a 20% discount from the applicable Extended Reporting Period Coverage premium for each consecutive year with PACO (or an affiliated company). These discounts are reflected in the following Table.

<u>Consecutive Years with PACO</u>	<u>Discount Applicable To Extended Reporting Period Coverage Premium</u>
1	20%
2	40%
3	60%
4	80%
5	100%

7. Extended Reporting Period Coverage premium may be waived for policyholders who have been insured by PACO (or an affiliated company) for 5 years and enter full time academia.

2. Collection: Past due accounts will be sent for collection after three attempts have been made to clear the account.

Arrangements may be made to allow the Insured time to pay the outstanding balance.

3. Additional premium from a policy change shall be spread over the remaining installments, if any. If there are no remaining installments, additional premium resulting from change shall be billed immediately as a separate transaction.

4. Insureds shall have the option of paying the premium in full at any time without incurring additional fees.

5. In the event that an Insured makes his/her payment after the due date, he/she will be charged a flat late fee of \$10.00.

6. The Company shall not apply interest charge.

OPTION B: FIVE PAYMENT PLAN

1. A five payment premium plan option is available upon issuance of a new policy or upon renewal of an existing policy. The five payment premium plan option will include an additional 9.5% annual percentage rate finance charge. This finance charge will apply to all policyholders.

a. Collection: Past due accounts will be sent for collection after three attempts have been made to clear the account. Arrangements may be made to allow the practitioner time to pay the outstanding balance.

b. In the event that an insured makes his/her payment after the due date, he/she will be charged a flat late fee of \$10.00.

OPTION C: TWO PAYMENT PLAN

1. A two payment premium plan option is available upon issuance of a new policy or upon renewal of an existing policy. The two payment premium plan option will not include a finance charge or installment fee.

OPTION D: ANNUAL PAYMENT PLAN

1. An annual payment premium plan option is available upon issuance of a new policy or upon renewal of an existing policy. The annual payment premium plan option will not include a finance charge or installment fee.

- ~~8.~~ Extended Reporting Period Coverage premium will be permanently waived for policyholders who have been called to active duty by the United States Military.
9. In the event that the policy is canceled (for reasons other than nonpayment of premium or underwriting reasons) after 10 or more consecutive years of coverage, Extended Reporting Period Coverage shall be provided at no additional charge.
10. The Company shall inform the Insured of the optional Extended Reporting Period Coverage (ERP) premium at the time the last policy is purchased. The Company may not wait until the Insured requests to purchase the ERP to tell the Insured what the premium will be or how the premium would be calculated.
11. The following credits: Claims Free Discount, Employed Chiropractor, New Practitioner, Part –Time, and Semi-Retired (as defined under Rule I.D.) shall, if applicable, be applied when determining the final extended reporting period premium.

The following credits: Leave of Absence and Risk Management (as defined under Rule I.D) shall not be applied when determining the final extended reporting period premium.

~~D. Rule D. 9. Schedule Rating under SECTION I is hereby deleted in its' entirety.~~

~~E. The following is hereby added as Rule H. under the SECTION I. GENERAL RULES~~

H. PREMIUM PAYMENT PLAN OPTIONS

OPTION A: QUARTERLY INSTALLMENT

1. A quarterly installment option is available upon issuance of a new policy or upon renewal of an existing policy. The quarterly installment option will include an installment charge of \$25.00 per installment or 1% of the total annual premium whichever is less. Available option shall be a quarterly (four-pay) option with equal installments of 25% each.

The first installment is due (as a down payment) when the policy is issued or renewed. The remaining installments are due 3, 6, and 9 months from policy inception.

2. Collection: Past due accounts will be sent for collection after three attempts have been made to clear the account.

Arrangements may be made to allow the Insured time to pay the outstanding balance.

F. Rule B.2. under SECTION II is replaced with the following:

2. Separate Limit of Liability is optional for an additional 5% of the total premium charged as a result of the net premium of each insured member of the corporation or partnership. The Company must insure all members of the corporation. The maximum charge will be 100% of the mature premium for the corresponding limit of liability and the minimum would be 5% of the professional liability premium being charged.

G. SECTION IV. EXTENDED REPORTING PERIOD COVERAGE (OPTIONAL EXTENSION COVERAGE) is hereby deleted in its entirety and replaced with the following:

- A. The premium for the Optional Extension Coverage shall be the product of the applicable percentage factor in the following Table and the expiring annual premium of the policy:

<u>Consecutive Years of Prior Claims-Made Coverage</u>	<u>Percentage Factor Applicable</u>
One	100%
Two	155%
Three	175%
Four or More	180%

The number of consecutive years of prior claims-made coverage shall be determined as of the date the Optional Extension Coverage is purchased.

- B. The availability of Extended Reporting Period coverage shall be governed by the following rules, subject to underwriting approval.
1. Available Limits of Liability shall not exceed those afforded under the current claims-made policy.
 2. Extended Reporting Period Coverage applies to claims first made against the insured immediately following the effective date of cancellation or non-renewal; but only by reason of alleged malpractice which occurred on or after the retroactive date and before the termination of the policy (and which is otherwise covered by this insurance) for a period of unlimited duration.
 3. Extended Reporting Period Coverage will be provided, with no additional premium due, in the event of death or permanent disability. Permanent disability must have existed continuously for not less than six months, have rendered the insured unable or incapable of practicing or continuing to practice, and expected to be continuous and permanent.
 4. Extended Reporting Period Coverage will be available to all chiropractors insured under a claims-made policy.
 5. Upon termination of coverage, the insured may purchase Extended Reporting Period Coverage. The insured is eligible for this coverage provided:

3. Additional premium from a policy change shall be spread over the remaining installments, if any. If there are no remaining installments, additional premium resulting from change shall be billed immediately as a separate transaction.

4. Insureds shall have the option of paying the premium in full at any time without incurring additional fees.

5. In the event that an Insured makes his/her payment after the due date, he/she will be charged a flat late fee of \$10.00.

6. The Company shall not apply interest charge.

OPTION B: FIVE PAYMENT PLAN

1. A five payment premium plan option is available upon issuance of a new policy or upon renewal of an existing policy. The five payment premium plan option will include an additional 9.5% annual percentage rate finance charge. This finance charge will apply to all policyholders.

a. Collection: Past due accounts will be sent for collection after three attempts have been made to clear the account. Arrangements may be made to allow the practitioner time to pay the outstanding balance.

b. In the event that an insured makes his/her payment after the due date, he/she will be charged a flat late fee of \$10.00.

OPTION C: TWO PAYMENT PLAN

1. A two payment premium plan option is available upon issuance of a new policy or upon renewal of an existing policy. The two payment premium plan option will not include a finance charge or installment fee.

OPTION D: ANNUAL PAYMENT PLAN

1. An annual payment premium plan option is available upon issuance of a new policy or upon renewal of an existing policy. The annual payment premium plan option will not include a finance charge or installment fee.

~~F. Rule A. 2. under SECTION I. is hereby~~ replaced with the following:

2. Partnership, Corporation or Professional Association: All owners in the entity must be insured with PACO and maintain the same Limits of Liability. There is no additional premium and the Limit of Liability is shared with the named insured. A separate limit of liability may be purchased for the corporation for an additional cost of 5% of total premium. The maximum charge would be 100% of the mature corresponding limit of liability and the minimum would be 5% of the professional liability premium being charged.

- a. the insured requests Extended Reporting Period Coverage within 30 days of the effective date of termination; and
 - b. any outstanding premium with respect to the terminated policy is paid.
6. An insured who retires from practice will receive a 20% discount from the applicable Extended Reporting Period Coverage premium for each consecutive year with PACO (or an affiliated company). These discounts are reflected in the following Table.

<u>Consecutive Years with PACO</u>	<u>Discount Applicable To Extended Reporting Period Coverage Premium</u>
1	20%
2	40%
3	60%
4	80%
5	100%

7. Extended Reporting Period Coverage premium may be waived for policyholders who have been insured by PACO (or an affiliated company) for 5 years and enter full time academia.
 - a. Extended Reporting Period Coverage premium will be permanently waived for policyholders who have been called to active duty by the United States Military.
9. In the event that the policy is canceled (for reasons other than nonpayment of premium or underwriting reasons) after 10 or more consecutive years of coverage, Extended Reporting Period Coverage shall be provided at no additional charge.
10. The Company shall inform the Insured of the optional Extended Reporting Period Coverage (ERP) premium at the time the last policy is purchased. The Company may not wait until the Insured requests to purchase the ERP to tell the Insured what the premium will be or how the premium would be calculated.
11. The following credits: Claims Free Discount, Employed Chiropractor, New Practitioner, Part –Time, and Semi-Retired (as defined under Rule I.D.) shall, if applicable, be applied when determining the final extended reporting period premium.

The following credits: Leave of Absence and Risk Management (as defined under Rule I.D) shall not be applied when determining the final extended reporting period premium.

~~G. Rule B.2. under SECTION II. is hereby~~ replaced with the following:

2. Separate Limit of Liability is optional for an additional 5% of the total premium charged as a result of the net premium of each insured member of the corporation or partnership. The Company must insure all members of the corporation. The maximum charge will be 100% of the mature premium for the corresponding limit of liability and the minimum would be 5% of the professional liability premium being charged.

State:	Illinois	Filing Company:	PACO Assurance Company, Inc.
TOI/Sub-TOI:	11.0 Medical Malpractice - Claims Made/Occurrence/11.0003 Chiropractic		
Product Name:	OUM Chiropractor Program		
Project Name/Number:	Schedule Rating Plan/IL-2118-C		

Superseded Schedule Items

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Creation Date	Schedule Item Status	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
07/03/2013		Supporting Document	Manual	07/18/2013	OUM Chiropractor Rating Manual (PACO) Ed. 1-01-08 (Revised 8-15-07).pdf